

IDAHO TAXES

Most of Idaho's tax revenue comes from three sources: property tax, income tax (personal and corporate), and sales tax. Income tax and sales tax are collected by the Idaho State Tax Commission. Property taxes fund local government and are levied and collected by the county where the property is located.



PROPERTY TAX

Average Urban Rate: 1.66%

Average Rural Rate: 1.19%

Description: The rates shown above are statewide average total tax rates for 2004. A rough estimate of property taxes can be calculated by multiplying the average tax rate by the property value, less exemptions. The actual tax rate is the sum of the tax rates of all the taxing districts in one location. Owner-occupied primary residences in Idaho qualify for a homeowner's exemption; this exempts 50% of the taxable value of the home (excluding land), up to a maximum of \$50,000. Farms qualify for a partial exemption.

Retirees: Idaho Property Tax Reduction (formerly Circuit Breaker) of up to \$1,200 is available to persons age 65 and older, widowed or disabled persons of any age, and POWs who meet income and residence requirements.



INCOME TAX (Personal)

Rate: 1.6% to 7.8%

Description: Personal income tax is graduated so higher earnings are taxed at a higher rate. The first \$1,159 of taxable income is taxed at 1.6%, the next \$1,159 is taxed at 3.6%, etc. The maximum 7.8% tax rate is reached at \$23,178 of taxable income for single filers and \$46,356 for married couples filing jointly. Idaho residents are taxed on their total income, even if it is earned in another state or country. Idaho income tax brackets are adjusted for inflation each year.

Taxpayers are not required to make estimated payments for their personal income tax return. Most wage earners have income tax withheld by their employers. Credits to offset income tax due include: \$20 grocery credit (\$35 for persons age 65 or over); credit for tax paid to other states; and credits for donations to Idaho educational entities and some nonprofit youth and rehabilitation facilities.

Retirees: Social Security income and Tier 1 and Tier 2 Railroad Retirement benefits are not taxed by Idaho. Taxpayers may receive a partial tax exemption for civil service and military retirement income received after age 65 (62 if disabled). A \$20 grocery credit is refundable to full year residents over 62 who are not required to file an income tax return (\$35 for persons over 65)



SALES TAX

Rate: 5%

Description: Sales tax applies to the sale, rental, or lease of tangible personal property and some services. Food is taxed, but prescription drugs are not. Hotel, motel, and campground accommodations are taxed at a higher rate (7-11%). Some counties and resort cities collect a local sales tax.



ESTATE TAX

Description: Estate taxes are determined by federal requirements. Idaho's estate tax may apply when the gross estate reported to the federal government is \$1,500,000 or more for deaths in 2004. The estate tax in Idaho no longer applies for deaths beginning January 1, 2005. However, estate tax returns must still be filed with the Internal Revenue Service.



INHERITANCE- GIFT TAX

Description: Idaho has no inheritance tax or gift tax.

If you would like to know more about Idaho taxes, visit our Web site at **tax.idaho.gov**, e-mail us at **taxrep@tax.idaho.gov**, call us toll free at **1-800-972-7660**, or contact any of our offices listed below:

Boise

800 Park Blvd., Plaza IV
(208) 334-7660

Coeur d'Alene

1910 Northwest Blvd.
Suite 100

Pocatello

611 Wilson Avenue
Suite 5

Lewiston

1118 F Street

Twin Falls

1038 Blue Lakes Blvd. N.
Suite C

Idaho Falls

150 Shoup Avenue
Suite 16

HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529) to reach any Tax Commission office listed above.

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Tax Commission
IDAHO

Tax Information for



Idaho Newcomers

This brochure was prepared by the Idaho State Tax Commission. It does not provide comprehensive explanations of Idaho tax laws or rules. Specific questions should be addressed to the Idaho State Tax Commission or a qualified tax practitioner.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Section 60-202, Idaho Code.